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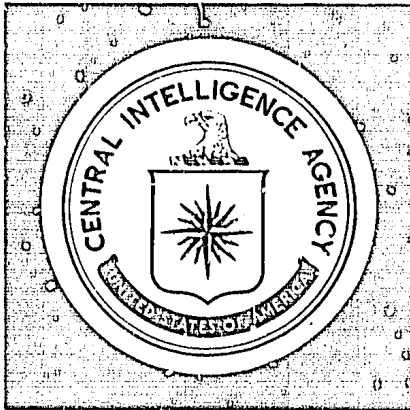
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CENTRAL INTELLIGENCE BULLETIN
20 MAY 1972

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No 591
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No. 0121/72
20 May 1972

Central Intelligence Bulletin

CONTENTS

VIETNAM: Situation report. (Page 1)

25X6

CEYLON: Promulgation of new constitution could lead to incidents. (Page 8)

BURMA-CHINA: Resumption of aid talks may signal warmer relations. (Page 9)

EUROPEAN SECURITY: Multilateral preparations for European security conference (Page 10)

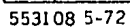
POLAND: Warsaw seeks US, Japanese credits (Page 10)

TURKEY: Prospects for new terrorism (Page 11)

FRANCE: New monetary measures (Page 11)

AFGHANISTAN: Prime minister's difficulties with parliament continue (Page 11)

SECRET



SECRET

VIETNAM: No new major attacks have been reported in South Vietnam, although shellings and scattered fighting continue throughout the country.

The North Vietnamese soon may stiffen their resistance to government operations west of Hue, where South Vietnamese forces have been advancing in the past few days.

Kontum City was shelled again early Friday, and Communist infantry probed the town and its perimeter defenses. Fire Support Base November, just north of Kontum, was abandoned, and its defenders were moved into the provincial capital. A defector says air strikes have hampered final Communist preparations for an assault against Kontum. Such difficulties sometimes cause the enemy to delay final attack plans, but seldom to cancel them. In Pleiku Province, government units were resupplied by a 100-truck convoy that reached the provincial capital via Route 19 from the coast. The key highway was opened by government troops on 17 May, although Communist units are still in the area and probably will again attempt to close the highway.

In the delta the Communists have captured most of the district capital of Kien Luong in Kien Giang Province. The center of the city is deserted, and residents fleeing from the fighting say that they are certain the attacking troops are North Vietnamese. Earlier indications that the Phuoc Long Front was moving into the delta suggest that this attack is the start of a major military campaign in the delta.

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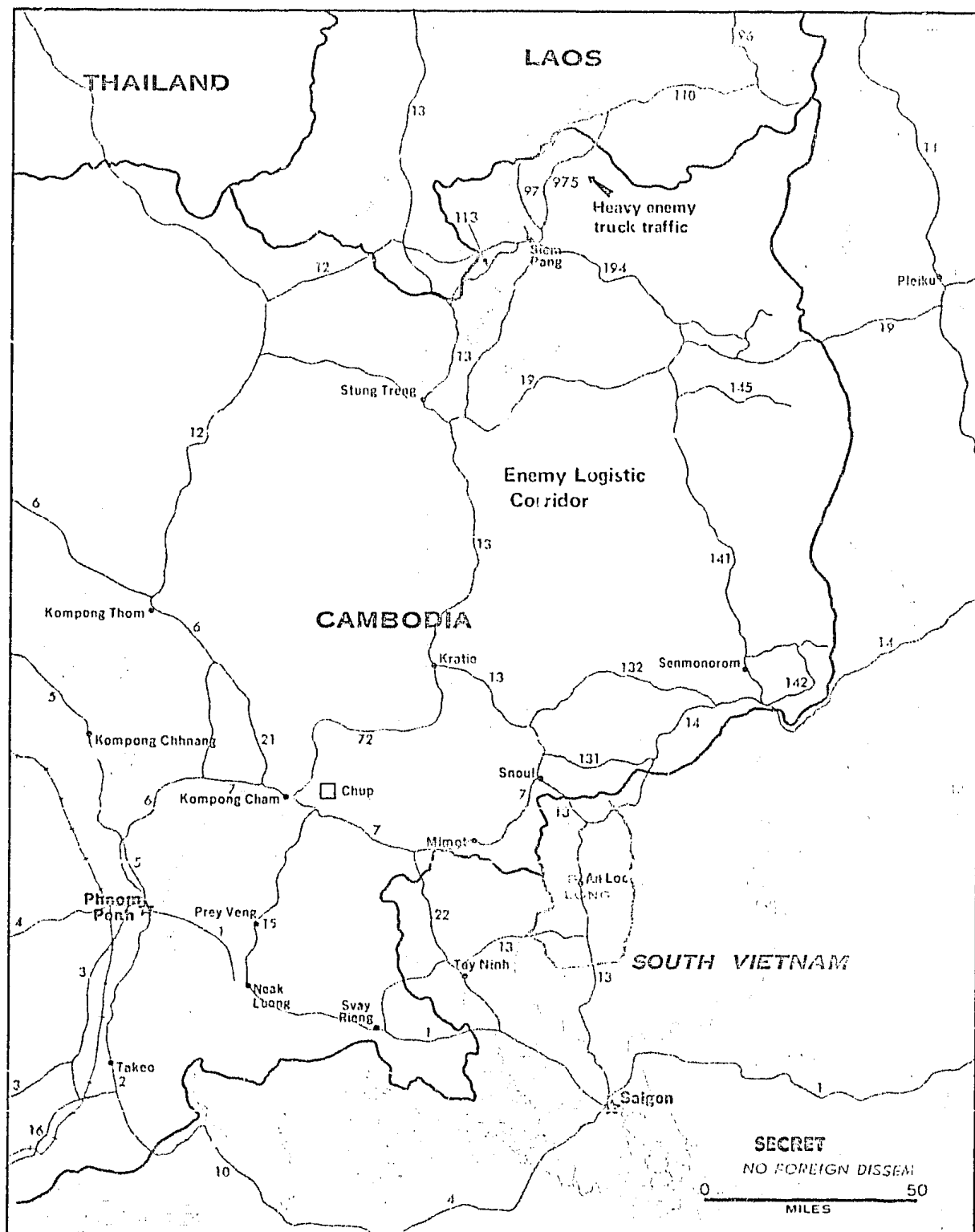
The Communists are still moving substantial amounts of supplies and equipment south along Cambodian roads near South Vietnam. US pilots report that in northeast Cambodia there is heavy truck

20 May 72

Central Intelligence Bulletin

1

SECRET



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SECRET

(traffic along recently widened Route 975 linking south Laos with the Stung Treng area of Cambodia-- the jump-off point for Communist supplies destined for the southern half of South Vietnam. South of Stung Treng, US pilots report heavy Communist use of Route 13, particularly between Kratie City and Snuol, just north of South Vietnam's Binh Long Province. Numerous tanks were observed parked along the roadway on 18 May, while several camouflaged trucks were seen along Route 7, which connects Snuol with the Chup plantation and other major Communist supply points farther south.

* * * *

President Thieu's choice of General Toan to command Military Region 2 has reportedly been poorly received throughout the South Vietnamese military establishment. It is generally believed that there are many better qualified general officers available.

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[redacted] Thieu says that he considered other, possibly better qualified candidates, but they were unenthusiastic, and he wanted a hard-driving commander to take charge. Toan, Thieu says, is such a man. If General Toan's forces show little more fight than they did under his predecessor, General Dzu, Thieu will be particularly vulnerable to sharper criticism for appointing commanders on the basis of personal loyalty rather than on ability to lead.

* * * *

Hanoi continues to show uneasiness over prospects that the peace talks on Vietnam might be broadened. On 19 May, Radio Hanoi repeated earlier criticism of proposals to give the United Nations a direct role in the negotiations. The broadcast also scored the UK for allegedly calling for a new Geneva Conference on Indochina but went even further and

20 May 72

Central Intelligence Bulletin

3

SECRET

implied that any sort of outside interference in the search for a solution to the Vietnam problem is unacceptable. Insisting that the issue must be settled between the US and Vietnam at the Paris Conference, Hanoi labeled the idea of internationalizing the problem "a sinister scheme of US imperialism." The North Vietnamese may have made these assertions on the eve of the US-Soviet summit talks in order to signal determination not to lose control of their own negotiating position. (SECRET NO FOREIGN DISSEM)

20 May 72

Central Intelligence Bulletin

4

Next 2 Page(s) In Document Exempt

SECRET

CEYLON: The government will promulgate a new constitution on Monday; although it should be generally well received, it could lead to incidents involving the Tamil minority.

The Tamils, who comprise about 22 percent of the population, have been complaining that the new constitution does not adequately guarantee the use of their language in judicial and administrative affairs in Tamil regions of the country. They reportedly have been holding protest rallies, but so far these gatherings have not been particularly large or unruly. The demonstrations are scheduled to reach a climax on Monday. The Tamil leadership has declared they will remain non-violent. Moreover, the government's powers under existing emergency regulations should keep the rallies from developing into widespread disorders like those that grew out of Tamil protests on the language issue in the late 1950s and early 1960s.

There has been some public unhappiness over two other aspects of the new constitution--an apparent weakening of the judiciary and a delay in the next national elections from 1975 until 1977 or 1978. Under the new charter, Ceylon will be renamed the Republic of Sri Lanka. (CONFIDENTIAL)

20 May 72

Central Intelligence Bulletin

8

SECRET

~~SECRET~~

BURMA-CHINA: The resumption of aid talks suggests that strains in relations caused by Peking's support of Burmese Communist insurgents have eased.

A Burmese Government economic delegation, led by the minister for planning and finance, arrived in Peking on 17 May to discuss aid projects. Rumors had circulated that Rangoon had suspended implementation of aid agreements made last fall out of pique over Chinese assistance to a Burmese Communist offensive late last year.

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The Peking talks will center on projects remaining under the \$84-million credit extended in 1961. Rangoon halted this program when relations cooled following anti-Chinese riots in Burma in 1967. The unused portion, totaling some \$57 million, was reinstated following Prime Minister Ne Win's visit to Peking in August 1971, and the Chinese also granted a \$24-million interest-free commodity credit. (CONFIDENTIAL)

20 May 72

Central Intelligence Bulletin

9

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SECRET

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EUROPEAN SECURITY: A variety of pressures are working against Washington's desire to delay multi-lateral preparations for a Conference on Security and Cooperation in Europe until after the presidential election in the US. The signature of the Final Quadripartite Protocol on Berlin will follow soon after West German ratification of the Eastern treaties, thus satisfying the NATO condition for participating in preparatory talks. In Moscow the Soviets probably will press the President for a US commitment to early preparations in Helsinki. The Finns are telling the 34 countries expected to attend a CSCE that they will be ready to host preparatory sessions of chiefs of mission in September. When the NATO foreign ministers meet in Bonn on 30-31 May, most of the allies can be expected to favor starting CSCE preparations early this fall. (SECRET NO FOREIGN DISSEM)

* * * *

POLAND: Warsaw is seeking credits in the US and Japan to help finance a large increase in purchases of capital equipment from the West. A Polish trade mission on a recent visit to the US submitted a new shopping list of about 30 items, valued at over \$400 million, that the Poles hope to purchase during 1972-75. The major items include various types of electronics equipment for an oil refinery in Gdansk, a catalytic cracker in Plock, a petrochemical plant, a thin sheet mill, two meat processing plants, a brewery, and several textile plants. The Poles have made it clear that they cannot purchase this equipment unless they receive Export-Import Bank credits and guarantees. Poland also has requested credits of \$400 to \$500 million from Japan, presumably for at least some of the same equipment it is seeking in the US. The US and Japan previously have supplied only a small portion of Polish imports of Western machinery and equipment. (CONFIDENTIAL NO FOREIGN DISSEM)

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20 May 72

Central Intelligence Bulletin

10

SECRET

TURKEY: Security officials anticipate a new wave of terrorism, which may include an attack on the US Embassy. US officials in Ankara have learned that an attempt may be made to sabotage the embassy, but they have no further details. Turkish officials, however, may be exaggerating the danger of terrorist activity to pave the way for the extension of martial law, which has been in effect since April 1971 and will be reconsidered late next week. (CONFIDENTIAL)

* * * *

FRANCE: The Bank of France has reduced the proportion of medium-term government and commercial securities that commercial banks are required to hold in an effort to expand the domestic money supply and to lower interest rates. Reduction of the relatively high interest rates should help to discourage the inflow of unwanted foreign capital and, by stimulating domestic investment, boost the lagging capital goods industries. Although an increase in the money supply should relieve pressure on the commercial franc, it will complicate the government's efforts to restrain inflationary pressures. The consumer price index in France rose six percent over the past 12 months. (CONFIDENTIAL)

* * * *

AFGHANISTAN: Prime Minister Zahir has made no progress in resolving his difficulties with parliament. The debate in parliament over the government's performance in distributing food has verged on violence, and Zahir avoided appearing for questioning on 16 May. Public unrest, including strikes and demonstrations, continues, although it is somewhat diminished. The King could use his influence to prevent a vote of no-confidence, but some of the deputies who have talked with him recently believe he is prepared to let Zahir fall. (CONFIDENTIAL)

20 May 72

Central Intelligence Bulletin

11